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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: October 17, 2006

FPOe Dismisses Coalition Proposal

¶1. The Freedom Party, led by Heinz-Christian Strache, has ruled out participating in a coalition government with the OeVP and the BZOe, ORF online news and other major Austrian media report. According to ORF online news, the move means the Conservatives under Chancellor Wolfgang Schuessel have lost leverage and their chance to play for time in the coalition negotiations with the SPOe, with no basis for their threat to abandon the talks for the formation of a grand coalition. Negotiations between Austria's two leading parties resume today.

Last Chance for Ankara

¶2. The EU foreign ministers have emphasized that Turkey will have to resolve the Cyprus dispute quickly if it wants its bid for EU membership to advance. EU Enlargement Commissioner Olli Rehn says this is Ankara's last chance, Brussels correspondent for centrist daily Die Presse Friederike Leibl writes. The worst-case scenario would be if the conflict between Turkey and Cyprus were not resolved by the end of the year and EU membership talks would be suspended, Leibl explains. On all sides, patience appears to be wearing thin in the long-lasting conflict. The Cypriot government is gradually losing EU backing for its tough stance and its threat to block membership talks, the correspondent says. Although the EU states are unanimously demanding the opening of Turkish harbors to Cypriot ships, diplomatic circles have expressed their sympathy for Ankara's "emotional and tricky domestic policy situation." Turkey, on the other hand, is apparently not willing to make any substantial concessions on a single contentious issue with the EU.

US Ambassador in Upper Austria

¶3. Meeting in Linz on Monday, US Ambassador to Austria Susan McCaw and Upper Austria Governor Josef Pühringer paved the way for cooperation on a range of issues, the Austrian Press Agency (APA) reports. The Ambassador also gave an interview to regional daily Oberösterreichische Nachrichten. It is "difficult to predict the result" of the upcoming mid-term elections in the US, Ambassador McCaw said, adding that even if the Democrats win the majority in Congress "there will not be a major shift in US foreign policy." Regarding the situation in Iraq, the Ambassador pointed out: "Democracies do not emerge overnight. We have to make sure to establish a stable Iraq with a uniform government and condition that allow the people there to build a prospering society." She conceded the Iraq war may be one of the reasons for the United States' image

problems abroad, as is the fact that, today, "America is the only remaining superpower." Leading European politicians, however, are well aware of the importance of solving the problems in Iraq, "not only in the interest of the Middle East, but in the interest of global security." Ambassador McCaw also visited the University of Linz, where she talked with students and "invited them to come to the US, to get to know the country and American values." She believes "the best way to understand a country's society is to spend some time there." On US-Austrian relations she emphasized that "trade is very important." The United States "is Austria's third-largest trading partner." At the political level, the US "welcomed Austria's commitment in Afghanistan, and the Austrian training for Iraqi police in Jordan." Ambassador McCaw also stressed America's "hope that Austria will remain an important voice for the Balkans."

Apocalyptic Mood in Washington

14. Washington correspondent Norbert Rief for centrist daily Die Presse analyzes the domestic policy situation in the US three weeks ahead of the mid-term elections, which could see the Republicans lose their majority in the House of Representatives. Insiders have confirmed the dejected mood among Republicans, who - on top of President Bush's poor popularity ratings and the ongoing problems in Iraq -- are also grappling with scandals involving Congressman Mark Foley and lobbyist Jack Abramoff. After the November 7 vote, some Congressional staffers and their bosses may have to look for new jobs, Rief says and adds that according to recent polls, the Republicans could lose between 10 and 30 seats in the House of Representatives. Although observers believe it could be a close call for the President's party in the Senate as well, the Republican majority there is not seriously threatened. Still, Rief concludes, anything is possible, as previous mid-term elections have shown.
McCaw